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(2) NECESSITY FOR TRADE AGREEMENT WITH BURMA IN CONSULTATION WITH THE LEGISLATURE OF THIS PROVINCE.

DR. SIR K. V. REDDI NAYUDU:—"Mr. President, the resolution which I have the honour to move runs as follows:—

'This Council recommends to the Government to urge upon the Government of India the importance and necessity of their not finally entering into any Trade Agreement with Burma without communicating beforehand the proposed terms to this Government and without obtaining the views of this Government and of the Legislature of this Province on any proposed terms regarding the imports of Burma rice into this Province and further to request the Government of India to reserve to themselves certain amount of control over the imports of Burma rice into India generally and into this Province particularly.'

"Sir, this resolution consists of three parts. The first is, this Council requests our Government to induce the Government of India to let us know the terms, in the first place to the Government of Madras and secondly to the two Houses of Legislature in this Province, so that we may have an opportunity of giving expression to our views which may be of use to them in their negotiations with the Burma Government. Mr. President, I need not emphasize the importance of improving the economic condition of this Province. We are all agreed that about 80 per cent of the population of this Province is rural and that 70 per cent of the entire population live on land, that their condition is miserable, that the ryots are chronically indebted and that some attempt should be made to improve their condition. Of course attempts have been made and are being made by our Government, but this is another step in the same direction. Speaking on the occasion of the opening of the Industrial Museum at Madras, the Hon. the Revenue Minister, Mr. T. Prakasam, is reported to have said: 'The Government intend to bring to bear all the resources at their command to enable the agriculturist to receive a fair return for his labour.' He also added: 'It is necessary to secure him a fair economic price for paddy and other cereals.' That, Sir, is the right policy, if I may say so with respect. The nation will be indebted to him and to the Government if this policy is implemented by effective practical measures. I respectfully submit that a restriction on the importation of Burma rice is the first step in that direction.

"Now, Sir, let me say a word about the importance of rice in the economic life of this Province. Experience has shown that the price level of rice governs the price level of cereals and even of other products. It also governs the price level of practically every product which does not enter into the international trade—by trade, I mean exports and imports. If the price of rice falls,

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the price of the other products will also fall. If it rises, their prices too will rise. The place which the production of rice occupies in this country as compared with the place occupied by other products can be gleaned from the Review of Trade of India for 1932-33. That was the only copy that I was able to get, but I am sure the Government will have more recent figures.

“ Taking rice, wheat, oil-seeds, sugarcane and cotton, the five principal products of our country, we find that rice accounts for 277.66 crores or 51.72 per cent of the total value of the agricultural products of India, while wheat accounts for only 47.47 crores or 9 per cent, oil-seeds for 40.94 crores or 8 per cent, sugarcane for 37.33 crores or 7 per cent and cotton for 22.23 crores or 4 per cent of the total value. Thus rice is the most important and economically of the highest value. Yet, it has not received any protection from the Government of India. On the other hand, wheat and sugarcane received protection at their hands. Wheat, of course, is produced largely in the Punjab, sugarcane is produced mostly in the United Provinces and Bihar; so far as paddy is concerned, Bengal and Madras are the only provinces which grow it. A few figures will have to be remembered in considering this question. The area under paddy cultivation in 1937-38 in India is 72,277,000 acres, in Madras 9,943,000 acres and in Burma 1,270,000 acres. The output of rice is 26,737,000 tons in India, 4,057,250 tons in Madras, and 1,470,000 in Burma; while the population is 365 millions, 48 millions and 16 millions respectively. I give these figures calculated at the rate of increase which took place in the previous decade; so the figures seem to be a little higher than what was contained in the reports. In the year 1938-39 India imported 1,281,697 tons of rice from outside, of which Madras took 468,743 tons. The rice food requirement for Madras may be taken as 5,000,000 tons. Last year was an abnormal year on account of adverse seasonal conditions, cyclone in the Northern Circars and famine elsewhere, except in the Cauveri Delta and in the West Coast. Our normal acreage under paddy cultivation is about ten million acres with an output of five millions tons of rice. This is barely sufficient to meet our needs. But generally our output will be less than that and we may have to import about half a million tons of rice, according to circumstances. Unfortunately there has been a serious fall in the extent of land under paddy cultivation. In 1933-34, we cultivated 11,700,000 acres, while in 1938-39, we cultivated 9,943,000 acres only. That is a fall of nearly a million acres during the last five years. This fall is mainly due to the low price fetched by rice, though adverse seasonal conditions also played their part.

“ We are at a disadvantage when compared with Burma in the production of paddy. Rice cultivation in Burma started later than in Madras. On account of cultivation for a longer

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period, the natural fertility of the soil is reduced in our Province. Further Burma rivers bring down larger quantities of silt than our rivers. We are accordingly obliged to put in more manure in our lands. The cost of production is thus enhanced.

“Secondly, cultivation in Burma is from natural irrigation sources, just like what used to happen in the Cauvery delta. On the other hand, in the Northern Circars, Godavaris, Kistna and Nellore districts and other places the Government have incurred large amounts of expenditure in the construction of channels, sluices and other irrigation works with the result that they could not reduce the tax below a certain limit. Therefore, the tax that the cultivator pays on his irrigated fields including water-rate is certainly more than what is being paid by the Burmans on their lands.

“Thirdly, the holdings in our Province are rather very small. The extent of cultivation under each individual in Burma is certainly much larger than what it obtains in our Province. Of course, we all know what small holdings mean and how difficult it is to obtain an economic return in spite of all the troubles which the ryot takes. In Burma holdings are large and possibly our joint family system is responsible for the frittering away of holdings. But whatever the reason may be, the fact remains that in our Province, we have more than a million pattadars paying tax of below Rs. 10. On account of all this, the production per acre in Burma is larger than in Madras. Hon. Members must have noticed a little while ago from the figures that I furnished how much the production is in Burma and how much it is in Madras. For the 10 million acres that we are cultivating we produce only 5 million tons which comes to about half-a-ton per acre. On the other hand, production in Burma is more than a ton per acre according to the figures that I have already given to the House. Burma is thus enabled to have an exportable surplus of 30 lakhs of tons of rice and she dumps this surplus on India whenever she is unable to sell it to other countries. This fact has also to be borne in mind, namely, that taking the ratio of population to the area under paddy cultivation as the criterion, the population of Burma is much lower than that of Madras.

“I want to say a word regarding the price of rice of late. In 1913-14, the price was Rs. 4-8-0 to Rs. 5-8-0 per maund. Two maunds of rice are equal to one bag of rice of 165 lb. One bag of rice fetched at that time Rs. 9 to Rs. 11.

“The price in July 1939, that is last month—I rely for it upon newspaper reports—was Rs. 6 to Rs. 8 per bag or a difference of Rs. 3 per bag of rice. I have taken the price for the year 1913-14 because it was the year before the War. The War complicated matters: many fluctuations have taken place during the period of the War as also the period immediately following, that is, the years of peace. But about the year 1925, the prices shot

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up very high. But I do not take that year as a standard. Comparing the prices of the year 1913-14 with those of 1939, we find we are losing Rs. 3 per bag of rice as stated above. We produce on an average $6\frac{2}{3}$ bags of rice per acre. So at the rate of Rs. 3 per bag of rice, the ryot is losing Rs. 20 per acre per year. Taking roughly one crore of acres as our area under paddy cultivation, we are losing about twenty crores of rupees per year. Sir, the loss to the national wealth can be easily understood. That the country should be losing Rs. 20 crores per year is indeed something which is shocking especially to my friends here like Dr. Thomas, who, I hope, will give us the benefit of his knowledge of economic science in this particular matter and any suggestions made by him will be welcome. So much for the loss of national wealth.

“What about the ryot? Taking the case of the ryot himself, suppose a man has four acres of land. He is getting to-day Rs. 160 to Rs. 200 gross income on that holding of his. In 1913-14, he was getting Rs. 240 to Rs. 280. His loss is thus Rs. 80 per year. Now he pays roughly Rs. 25 on these four acres to the Government—I have not taken the rate paid by the ryot in Tanjore and other places where the rate is as high as Rs. 10; I have taken the rate for the whole Province where a good portion of the lands is tank-fed and such lands do not pay as much as those of the deltaic regions. I think the Hon. the Revenue Minister will correct me if I am wrong for throughout and even at this stage I have not claimed complete accuracy for my figures and I have taken them from such books as I could get. As a matter of fact, this was prepared some four years ago and I have tried to bring it up to date but unfortunately I have not been able to get the papers which the Government would be in a better position to refer to. I hope he will correct me wherever I am wrong; but the slight inaccuracies of my figures do not in the least alter the force of my argument, namely, that the ryot is losing a lot, that the country is losing a lot, that the importation of rice from Burma is a great evil. These facts, I hope, have been established by what I have been saying to the House, even in spite of the slight inaccuracies of the figures which I have given. Whereas in 1913-14, he was getting Rs. 240 to Rs. 280 per acre, now he gets Rs. 160 to Rs. 200; and his loss is thus Rs. 80 per acre per year. I said that he is paying Rs. 25 to the Government on these four acres; the same may be paid by the zamin ryots also. I am not in this matter taking the case of the rack-renting zamindars whose rent may perhaps rise up to Rs. 30 and Rs. 40 per acre; I am only referring to the ordinary type of zamindars and in that I might perhaps err to the extent of half a rupee or so but that again does not in the least detract from the force of my argument. Remit the entire tax on land, yet the ryot will still be a loser to the tune of Rs. 50.

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“ Let it not be understood that I am against the reduction or wiping off the total land revenue; I want a reduction; but all the same, the position of the ryot will not in any way be better. He will not be the better for it. We have a Telugu proverb “ వేడినీళ్లుకు చనీళ్లు సహాయము, ” that is, if you add cold water to the hot water, the quantity will be increased for bathing purposes. Reduction is essential and we shall be thankful to the Hon. the Revenue Minister for his attempts to get it reduced; but what I am telling you at this stage is this, that that alone will not solve the problem; that that alone will not save the ryot. What is after all Rs. 25 against the loss he is having, a loss to the tune of Rs. 50 per acre on the basis of peak prices? What does it come to for an acreage of nearly 10 million acres? But I will not calculate on this basis for the reasons I have already explained to the House. If, on the other hand, you raise the price of his commodity, he would be in a position to pay Rs. 25 more on his holding; he would not mind paying a little more to the Government when an occasion arises. The real solution of the problem lies in discovering something by which you could raise the price level of the various articles which the agriculturists produce. As I have said a little while ago, it is not the price of rice alone that falls; other agricultural products which have no international market fall along with it and there is much reduction in the gross income of the ryot with consequences very serious to him. If by some process, the Government will be able to discover the means of raising the price of rice—and of this the restriction on the import of Burma rice is a part—then I beg to submit the condition of the ryots can be improved.

“ Reduction of tax alone is not a solution of the ryot's distress; a rise in the price of agricultural produce may yet save him. Owing to the fact of Burma being a part of India until the Government of India Act came into force, certain provisions had to be made in order to prevent dislocation of trade between India and Burma. Provision is therefore made under section 160 of the Government of India Act empowering His Majesty to give by Order in Council such directions as he thinks fit with respect to the duties which are, while the Order is in force, to be levied on goods imported into or exported from India or Burma and with respect to ancillary and related matters. The Order in Council of His Majesty was passed on the 18th March 1937, and by clause 7 of Part I of that Order it was ordered that the said Order shall remain in force for three years or until twelve months have elapsed after giving notice to terminate the operation thereof, whichever is the longer period. Again, under clause 3 of Part II of the said Order in Council, no prohibitions or restrictions on imports or exports other than such as are specified in the schedule to that Order

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shall have effect in British India with respect to the bringing of goods into British India from Burma or from British India into Burma. That means this: that because India and Burma were one country before the passing of the Government of India Act, before Burma was separated, there can be no question of protecting one province against the other. But now, Burma has been separated and if the Government of India had been empowered to impose import duties on goods coming from Burma, there was every danger of dislocation of trade, and so in order to prevent that dislocation the Parliament of Great Britain in the Government of India Act provided major provisions to the effect that His Majesty may pass an Order to prevent dislocation of trade, and so His Majesty has passed this Order. And so, according to that the Government of India have no power during these three years to impose any restriction on the imports of rice into our country from Burma. But after three years or after one year after giving notice, whichever is later, the Order says, you are at liberty to levy taxes. Now, Sir, the three years have expired, or are nearly expiring. I have stated that on the 18th March 1937 that Order was passed, and so it will expire on the 18th March 1940. I also gathered that notice has been given by the Government of India and so on the 18th March 1940 the Order will expire, so that the Government of India will be at perfect liberty to impose any tax or any restrictions or make any other conditions which they may deem fit for the benefits of the ryot in our Province, or for the matter of that, for the whole of India, including Bengal. And that is why, I take it, negotiations have commenced just now between the Government of India and the Government of Burma. Sir, on customs duties the Provincial Government have no hand. But certainly, I contend, Provinces like Madras and Bengal, in this particular matter, have a duty, a responsibility, nay, a right, to make the necessary representations to the Government of India, and the Government of India should give their best consideration to them. We are now met, since just now negotiations have been commenced in the matter, to request our Government to write to the Government of India—and if the hon. Members who now occupy the Treasury Benches have no objection—even to communicate a copy of the proceedings of this House to the Government of India, pointing out how much we are resenting, how we are suffering, how much difficulty our ryots have been put to and how all this is due to low prices obtaining. Sir, I consider it the duty of the Government to make this representation.

“ Now, Mr. President, I have finished my say. I have only to submit one word more to the Government. I have already quoted to the House the splendid statement made by the Hon. Revenue Minister yesterday on the occasion of the opening of the Museum. I only appeal to him to take it to heart and see that he accomplishes what he has said. I have not the slightest

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doubt that he wants to do it. Let me hope his Colleagues will help him; let me hope the Government will use every resource in their power to see that the Government of India do not enter into any trade agreement with Burma without consulting our Government, without consulting this House and the other House. Mr. President, I commend the resolution for the acceptance of the House."

SRI RAO BAHADUR M. RAMAN:—"I second it."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"Sir, may I ask the Members on the Treasury Bench to enlighten the House as to how the matter stands at present, whether there is any correspondence going on between this Government and the Government of India?"

THE HON. SRI V. V. GIRI:—"The Leader of the Opposition would like to know the exact position of affairs to enable members to take part in the debate. I am glad Dr. Sir K. V. Reddi Nayudu has brought this resolution to-day before this House. I wish to make it clear that as soon as this Government came to office they began to tackle this important subject. We have clearly expressed to the Government of India our views on the subject at the earliest possible time. Preliminary negotiations are taking place between the Government of India and the Government of Burma and we have taken time by the forelock. Not only that, from January of this year up till now, if I may say so, we have been almost in monthly touch with the Government of India on this important matter. Therefore I wish to assure this House that the Government are fully alive to their sense of responsibility on a subject of this character. It may also be remembered that there are three parties concerned. One is the Government of India, the other is the Government of Burma and the third is the Government of Madras. Though the Government of Madras have as equal an interest in the matter as the Government of India, negotiations have to take place only between the Government of India and the Government of Burma. But that does not mean that we should keep quiet. Every aspect of the matter will be put forward which will be beneficial to the ryot population of this Province. I will therefore make this statement on this important subject:—

'The subject of imports of Burma rice has been under correspondence with the Government of India since December 1937. The Government are in full sympathy with the object underlying the resolution. It is the desire of this Government to restrict the imports of rice from Burma with a view to raise the price level of local rice, consistent with the interests of the consumer.

'Since, however, these restrictions cannot be imposed so long as the India and Burma (Trade Regulation) Order, 1937, is in force, the Government of India were requested to terminate

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the operation of the Order at the earliest opportunity, i.e., 1st April 1940, by giving notice of termination to the Governor of Burma not later than 31st March 1939.

‘In response to our representations, the Government of India have replied recently stating that when the actual trade negotiations with Burma are opened, it is the intention of the Government of India to consult all the interests concerned before any decisive step was taken. They have further assured the Government of Madras that not only will the representations this Government have already made be taken into account, but also that this Government will be given an opportunity to make further representations before any conclusive action is taken.’

“Therefore, I submit the Government of Madras are in constant touch with the Government of India and when further negotiations take place, I assure the House, every effort will be made to submit our views on the matter. The Government have no objection to communicate the proceedings of this House to the Government of India as it will facilitate further discussion on the subject.”

DR. SIR K. V. REDDI NAYUDU:—“I am very thankful, Sir, for the statement.”

* THE HON. SRI S. RAMANATHAN:—“Mr. President, I want to say one or two words on the merits of this question, apart from the action that the Government of Madras have taken in regard to this matter. On the merits of this question there is no doubt whatever. Public opinion is unanimous that the quantity of rice that is being imported into this Province affects adversely the prosperity of the people as a whole. The quantity may not be large; it may not be necessary even, but I shall deal with that point later. Though the quantity of imported rice is small, it depresses inordinately the price level of this commodity, which is the principal produce of this Province. The fall in the price level affects the economic prosperity of the people as a whole.

“Then the question arises whether the importation of this small quantity is at all necessary. Dr. Sir K. V. Reddi said that probably we may have to import one or two millions of tons every year. I dispute that proposition. Now, it is well known that enough rice is not grown in this Province, because production of rice itself is uneconomic. Agriculture, like any other industry, opens out a profession; and a man will take up that profession only if he is able to make a living out of it. If he cannot get that, he will never take it up. So the phenomenon that Dr. Sir K. V. Reddi observed, of our not being able to produce enough rice from the arable land at our disposal actually shows that our people are not desirous of taking to agriculture . . .”

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DR. SIR K. V. REDDI NAYUDU:—"I do not think there is any difference between myself and the Hon. Minister. I said that as things stand at present we are obliged to get less produce. In fact lands are available, but facilities are not available. Both in the Mettur Project area and in East and West Godavari districts thousands of acres of land are available but are not cultivated because of the lowness of the price."

* THE HON. SRI S. RAMANATHAN:—"I am very glad Dr. Sir K. V. Reddi agrees with me."

THE HON. SRI C. RAJAGOPALACHARIAR:—"We have now come to the habit of agreeing." (Laughter)

* THE HON. SRI S. RAMANATHAN:—"It is common ground, therefore, that there is no need for this present import of rice into the Province from outside, much less from Burma. How is it that Burma is able to sell us rice so cheap? In Burma there are the natural conditions which facilitate the growth of rice. We in India and in Madras have got to construct costly dams, anicuts and irrigation systems and necessarily, therefore have to impose irrigation cesses and taxation. But in Burma rice is a kind of natural product; there is rain, there is no necessity for these costly constructions and, therefore, rice in Burma is, so to say, a mineral and a natural product, whereas here we have to cultivate it at great cost and have to run great risks. But who does the work of gathering this mineral product in Burma, who does the sowing and the harvesting? It is our own people. It is our own labourers whom we send out of our country owing to our short-sighted policy; our people go to Burma; they gather the produce of rice and export it to our country and create more unemployment at home. If we had regulated the emigration policy already on an all-India basis and in pursuance of a far-sighted policy, this problem could not have arisen."

"Finally I should draw attention to what Sir K. V. Reddi pointed out that any amount of reduction in land revenue will not give relief to the agriculturists to the extent to which a rise in the price level will give."

THE HON. SRI C. RAJAGOPALACHARIAR:—"He wants cold water to be added."

SRI T. C. SRINIVASA AYYANGAR:—"He says it will not by itself be sufficient."

* THE HON. SRI S. RAMANATHAN:—"He has given figures that 20 crores can be immediately added to the wealth of our people by this means. Land revenue is not more than six crores; even if the whole of the land revenue is given up, we cannot add this enormous revenue to our people. I have great pleasure in supporting this resolution."

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* DR. P. J. THOMAS:—" Mr. President, I am glad that Sir K. V. Reddi has brought forward this important resolution. Most people will agree with him that on the question of a trade agreement with Burma the Government of India might, with advantage, consult the Government of Madras which has a vital concern in the trade with Burma. On that point there may not be any difference of opinion, because on every ground, whether it be the exportation of labour or the importation of commodities, there is no doubt that the views of this Province deserve to be taken into consideration by the Government of India.

" But when we come to the question of the terms of the agreement, especially the suggestion regarding the restriction of rice imports from Burma, I fear that I may not be able to agree with my friend Sir Kurma, nor with my Friend the Hon. the Minister for Public Information. It is true that Burma has been sending to this country rice cheaper than this country could produce. There is no doubt about that. But these imports serve a useful purpose here. Burma is able to produce rice at a much lower cost than our country, because Burma has got far better facilities than any other country in the world for the production of rice. Thirty years ago the fertile valley of the Irrawady was exploited, with the help of Indian capital, and the unfailing annual supply of silt from that river made the rice fields productive beyond compare. Indeed Indian capital came in handy. I suppose in certain districts of Burma about 30 per cent of the lands have come into the hands of Indian money-lenders. A single Indian capitalist, it would appear, has come to possess nearly 100,000 acres of rice lands in Burma.

" But the potent fact to be taken into account is that Madras Presidency is not able to produce rice sufficient for its own consumption. I find that there is a difference of opinion on this point. The Hon. Sri Ramanathan said"

DR. SIR K. V. REDDI NAYUDU:—" There is no difference of opinion."

DR. P. J. THOMAS:—" In any case, Sir, may I say that so far as I am aware, Madras Presidency has not got a sufficient supply of rice in most years, and certain areas have to be largely supplied from outside? For the last few years we have not been increasing our production of rice. The population has been increasing; the last census has shown that population has increased by about 10 per cent in this Presidency. But the supply of food-stuffs, particularly cereals, has not increased as fast, and therefore food has to be imported. The imports are really needed for feeding the country. There are indeed several districts like Tanjore, East Godavari and Kistna, which are able to produce a surplus quantity of rice. Even in those districts, I think that owing to the law of diminishing returns, people are not able to raise as much rice as they formerly were able to.

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" There is another point to be taken into consideration. I suggest that in this matter it is not merely the interests of the few landholders who have rice to sell, but the interests of the millions of consumers, that should be taken into account. I submit, Mr. President, that consumers not only in the towns but in the villages also are largely dependent on foreign rice. Let us also remember that not less than a third of the agricultural population depends on daily wages for livelihood, and a rise in the price of rice will hit them, especially those who are paid in money. Even the smaller producers are on balance buyers of rice rather than sellers. Another point we have to take into account is that rice stands on a different footing from articles like cotton or rubber. Here is an article which is a staple food. It forms the bulk of the daily purchase of a labourer. This aspect of the question should be taken into consideration before everything else.

" There is a lot of loose talk about raising prices. Although the price of rice began to fall soon after the War from the high levels maintained during the War, the chief slump coincided with the trade depression of 1929-31. Low prices have continued for many years. Therefore, there is no point in urging that the price of rice alone should be raised. No doubt, the rice-growers would benefit from such a rise of prices, but we must take into consideration the position of the consumers also. A general rise of prices may be justifiable, although it is now rather late to think of it. Prices have remained low for nearly a decade and a new equilibrium has been established. To disturb it may not be wise.

" Although I am opposed to the complete exclusion of rice by means of very high import duties, I am not against regulation. My submission is that we must regulate the importation of rice by carefully watching the production in India, year after year. Having estimated the possible rice shortage in any year, we must let in sufficient rice to meet our needs by giving licences to importers. Therefore it will be wise to enter into an agreement with the Burma Government on a quota basis. That is to say, we must have the freedom of importing rice according to our actual requirements, and this must be linked in some way to our export trade with Burma. Imports must be regulated chiefly in the interests of the consumer, and the producers' interest must come in only when anything like dumping takes place. If the wages will rise with the rise in the price of rice, there will not be much hardship to producers, but wages will generally lag behind prices. This is the experience of the past. There is also a large element of custom in wages.

" On these grounds, I have to disagree with some of the points raised by Sir K. V. Reddi. I agree with him that there must be some sort of control of Burmese imports, but I disagree with him on the objects of the control. Protective duties may be justified

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in regard to various industrial products, and there is a strong case for excluding Burmese imports of rubber from India. But rice is our staple food and stands on a different footing, as I have already said.

“ I am glad to find that I am in agreement with the Government's enunciation of the principle, as explained by the Hon. Sri V. V. Giri. He said that any restriction of Burmese imports would be carried out, consistent with the interests of the consumers. I hope that the agreement will be framed in the interests of the community as a whole and not in the interests merely of the landholding classes of the country. I do not think that this is unfair. I am one of those who have supported a reduction in the heavy tax-burdens of the deltaic areas. That is a reasonable relief; to benefit them at the cost of the weaker sections in the community is not reasonable. The very idea is anti-social.

“ Sir Kurma has quoted many figures to show that year after year Madras is losing large sums owing to the fall in price. This is a curious way of estimating losses. If we lose as sellers of rice, we gain as buyers of everything else, because the general price-level has gone down. Of course there was an inconvenience at the beginning when the prices suddenly fell heavily, but that phase has passed away. Many of the losses mentioned by Sir K. V. Reddi are imaginary.

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“ The duty of the Government is clear. Firstly, we must find out what shortage of rice there is from year to year. Next, we have to see whether this shortage can be made up by expanding cultivation or increasing the yield from the existing rice lands. The Government have therefore to take urgent steps in this direction. It is believed that we have fresh areas to be exploited. Some time ago, a committee of the Provincial Economic Council, now defunct, went into the question and found that there are several thousands of acres of land which can be exploited. But I fear that the development of such resources has been neglected. We must push on much more vigorously with our efforts at increasing production. The interest of the rural population consists in expanding output and cheapening the costs of production. By increasing the yield per acre we can make up for the low prices. The idea of manipulating prices is illusory, whether it be by means of currency devaluation or by any other means. Low prices are only comparative. If the price of every commodity is low nobody loses anything thereby. It is only when one commodity alone goes up in price that difficulty arises. Rather than worry about prices, let us think seriously about increasing production, so that we may have sufficient rice for our home consumption. Then we may proceed to exclude Burma rice altogether.

“ Finally, let me say that the best interests of the country will not be served by altogether excluding foreign rice at this stage. There is a view that when the sellers of rice get higher

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prices the whole rural community will benefit. This is rather illusory, as experience has shown. I can give facts and figures to show that only a small minority of people are interested as sellers of rice; the bulk of people are interested as consumers. I hope that whilst the Government will definitely claim a voice in the making of the agreement with Burma, the Government will also see that the conditions of our large labouring population are not made worse by making foodstuffs dear. Steps should be taken to increase rice production in the interests both of the producers and the consumers and other steps must also be taken in the interests of consumers rather than of producers."

* **SRI K. P. MALLIKARJUNUDU** :—" Mr. President, I have great pleasure in giving my whole-hearted support to the resolution so ably moved by Sir K. V. Reddi. It is a matter of common knowledge that ever since there occurred in 1929 a great event known as the collapse of the Wall Street in the United States of America, the whole world is in the grip of a great depression. It has been observed that one of the ugliest features of this depression is the phenomenal fall in prices. It has also been noticed that this fall in prices is by far greater in respect of agricultural commodities than in respect of industrial products. We are all aware, Sir, that agriculture is the mainstay of our land. Taking into consideration our Province of Madras, you see that our Province is mainly based on the economy of agriculture. Paddy, particularly, is the predominant agricultural product. If we take the figures into consideration so far as our Province is concerned, you find that 30 per cent of the total cultivable area in this Presidency is under paddy cultivation and 45 per cent. of the total food-stuffs is got out of it. It is the bounden duty of the Government as well as the legislators to do what lies in their power to improve the status of the ryot and his economic condition. We all agree that paddy cultivation is not a paying proposition and that the ryots are not able to make both ends meet.

"The question then arises as to how to remedy that defect. There are only two ways of increasing the prosperity of the ryot; one is as suggested by Dr. Thomas, to increase the productivity of land. How can it be done? It cannot be done by the poor ryot as he is situated, because he has no means. We are practically moving in a vicious circle. Unless there is some margin of profit the ryot cannot improve and unless he adopts improved methods of cultivation he cannot get any profits. The vicious circle has to be broken somewhere; otherwise there is no chance for the ryot. If under the existing circumstances it is not possible to increase the production of paddy and improve the condition of the ryot, there is another method by which we can do so. It is by increasing the price levels. Of course I agree that the former method is better. But if it is not possible there is this other method then. It can be done in two ways: one is by the manipulation of

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currency by a well regulated process of inflation which our modern economists call 'reflation.' Unfortunately that is beyond the pale of provincial administration, for our Provincial Government or our Provincial Legislature is not entrusted with the powers of management of the currency. But I would like to suggest some other methods which have the same effect. Ever since I entered the Legislature my mind has been agitated about this problem, and, if I remember aright, I have represented a number of times to the Premier regarding this question. I first thought about the imposition of a heavy sales tax on the imported foreign rice. But I later on found out that there is a constitutional difficulty in respect of that. There is that pernicious section 297 of the Government of India Act which precludes the possibility of adopting this method. We have therefore to go to the Government of India and beg them to take the necessary action. But there again there is the Indo-Burma Trade Regulation Order-in-Council. Our thanks are of course due to the Government of India for their imposing a small duty on the imports of broken rice from Indo-China and Siam. As a result of that we have felt that there is a tangible increase in the price levels of Indian rice. But that is not sufficient. The imports of rice from Indo-China and Siam are very small and they bear a very small proportion to the imports from Burma. You will find from the statistics given by Sir K. V. Reddi that out of the eleven crores worth of rice imported into India from Burma, the share of the Madras Province is something like six crores! Unless we are able to stop or control the imports of rice from Burma there is no chance for our improvement.

"The first duty of the Government of India and the Government of Madras is to see that this Trade Regulation Agreement is put an end to. Of course, as pointed out by the Hon. Minister for Industries, the Government of India are already taking steps in this direction. I do not mind even if the Trade Agreement is scrapped altogether, because on an examination of the balance of trade you find that we import twenty crores worth of goods from Burma, whereas we export only five crores worth of goods. So there is a balance of trade in favour of Burma to the tune of fifteen crores. Taking the whole thing into consideration, I do not think that India will in any way be a loser even if we break off from Burma in this matter of economic trade agreement."

* SRI T. A. RAMALINGAM CHETTIYAR:—"Mr. President, I do not know whether you want to close the discussion to-day."

MR. PRESIDENT:—"We can sit longer than usual, say, till 2-15 or 2-30 p.m. and finish the business."

* SRI T. A. RAMALINGAM CHETTIYAR:—"Sir, I only want to say a few words on account of the arguments that have been advanced by our expert member, Dr. Thomas. Sir, so far as our requirements are concerned, I believe an enquiry was made

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some time back and it was found that we are growing paddy to the extent of about 95 per cent of our requirements. What we wanted was only 5 per cent from outside. Even that it was found that we could raise from the lands brought under cultivation under the Mettur project and the proposed Thungabhadra project, and it was thought that in the course of the next few years Madras would be completely self-supporting. So, this question about the quota will not arise to any practical extent.

“ The second point is this: the import of rice is a matter which will have to be taken into consideration not only with reference to the sale of paddy here but also with reference to the effect it will have even on other crops. Sir, the price has got something to do with the sale of different articles. If rice is cheaper, people who go in for cholam or ragi may not care to purchase cholam or ragi and may prefer to buy rice. The position will be made very much worse and not better. It seems to me this argument that the consumers are to be considered really cuts at the root of the whole problem. I think the old-world economist—you will excuse me for using that word—would have advanced those arguments basing them on the old theory of *laissez faire* and international trade and consumers' interest which always go together. Sir, those are the words by which the old economists swore and in our school-days we were very much fond of these things and we always said that India did not deserve to live because she could not come up to the economic standard of free competition. Well, those days are gone now. We are all thinking of living and living is considered as much more important than giving adherence to these theories. Every country in the world has changed its views and its practices. Even the greatest adherent of this theory of free trade, consumers' interest and international trade, like England has changed. She is thinking of imposing quotas and duties, raising prices, giving subsidies and things like that. When that is the case, I am really very much surprised that our friend, Dr. Thomas, should have advised us that we should think of the consumer's interest and should not think of raising prices.

“ Sir, after all we should realize that it is the producer who gets something for the produce that people can consume in the economic sense. Everyone wants something to live on. If there is no producer or if the producer does not get anything for the produce, the economic theory cannot work. So it is only as a producer that he can contribute to the consumption of goods and if he wants to contribute as a consumer, he can become a consumer only by getting more for his produce. That is a very important matter which, I fear, in our enthusiasm for consumers is generally forgotten. Well Sir, he also says that many of those purchasers are labourers. He forgets once again that whoever is responsible

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for the sale of paddy, it is the landowner who has to pay for the particular labour. Unless he gets a fair price for his crop, he would not be in a position to employ the labour and pay for it. It is only if a fair price is obtained that the labour can be paid and paid decently. So it is in the interest of the very consumer that the producer's interests have to be looked after. It is only by raising the price and giving a decent price that the labourer's interests could be served. So it seems to me that the argument advanced does not take into consideration the vital basis on which it ought to be based. So it comes to this: We have got several sorts of paddy coming from Siam and Burma which compete with our paddy. Not only that. They have got the tendency to compete with the grains like cholam and ragi. For instance the broken rice from Siam in many markets has completely driven out cholam and ragi, because it is cheap. It is also easier to cook. When the day's labour is over, the labourer goes to the shop and purchases something to cook. If it is Siam rice, it is easier for cooking. If it is cholam and ragi, he has to clean and mill it and do the whole thing. To save that labour when the price is low the man goes to the cheap paddy from Burma. In that way many of our grains suffer. We cannot surely forget the interests of the large volume of paddy producers of our country who really form the backbone of agriculture of our Province. If I remember right 15 per cent of the whole of the cultivated area and 50 per cent of the irrigated area are under paddy. To safeguard the interests of such a vast body of people as that and the large body of people who are maintained by that interest it is absolutely necessary that we ought to take adequate steps to safeguard this important industry and the very large volume of people who are employed in it in this Presidency."

* SRI T. C. SRINIVASA AYYANGAR:—"I crave leave only for a few minutes though I have no qualification as an expert to speak on this question. We are dealing with Burma rice and the necessity of restricting imports. I desire to commend to the House one circumstance for its consideration. I do not desire to dogmatize on the subject especially when my friend, Mr. Ramalingam Chettiyar and others are feeling that Dr. Thomas treated the House to old doctrines. Burma until recently was a province of India. Even now there ought not to be any provincial competition within India itself. The separation of Burma has brought about various changes in the legal relationship and in the administrative functions. Except for administrative purposes, for other purposes of a similar nature have Indians ceased to go to Burma, have Indians ceased to hold property there? There are arable lands owned by Indians. The rice produced there is as much that of Indians as of Burmans. What proportion is that of Indians and of Burmans? I believe the proportion of arable lands held by

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Indians is about one-third. (A voice: Indian capitalist.) I know in this Council to-day the big landholder, the capitalist, the man who employs labour are all outcasts. I concede that it is a feeling that is slowly creeping in and it may look unwise to talk on the subject. In view of the very considerable Indian interest in Burma, in regard to the paddy it produces why should they be considered outcasts? I say the Government are bound to consider the circumstances and shape things with reference to them. A very large labour population annually migrates just before the agricultural season and returns after harvest is over. It is a kind of labour migration and it is divided between the Tamil country and the Andhra districts. There is a large Tamil speaking population in the coastal parts of Burma who are settled there and who own agricultural lands. It is not only the moneyed classes who have lands. Other classes also have lands. How they will affect the consumers' interests and the interests of Indians are considerations to be taken into account. You cannot say: 'Why did you go there?' They say: 'Why did you come here?' Is the Council to disown them? I want that they also should be considered."

* THE HON. SRI T. PRAKASAM:—"Sir, I do not want to make any speech on this subject. But I am drawn into this because what Dr. Thomas said has been doubted and questioned. He said that the first duty is to see that the cultivation is extended and the production is increased. Mere attempts to raise the price level without expanding cultivation would put the consumer in a difficult position. It is a perfectly correct proposition. In every country where falling prices were controlled, it was done only by expanding cultivation primarily. It was done so in Italy, it was done so in every other place. But here we have not been able to do it because we have been in a very difficult position, not being quite free to deal with our affairs in the way in which we could. For instance, in Burma the cost of production is very much lower than here. That is why they are able to dump their goods into the market here. The same is the case with regard to the dumping of Japanese goods to the exclusion of even British goods. So the real question is whether this country is able to reduce the cost of production to the same level to which the other countries which are dumping are able to do. For that purpose the only method is to expand cultivation and increase production and then raise the price levels later."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR:—"Mr. President, I think we have travelled far beyond the scope of this resolution for some time. The resolution is only to request the Government of India to communicate the terms beforehand to this Government and to consult this Legislature and to keep certain reserve powers. I must at the outset state that I am in agreement

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with the resolution before this House. The statement made on behalf of the Government and the speech made by the Hon. the Minister for Public Information show that the Government are in full agreement with this proposition and we can expect a favourable reply from the Government of India with regard to the present resolution and that they will take the Madras Government into their confidence. They won't do anything without consulting the Madras Government and in their turn the Madras Government will consult both the Chambers of the Legislature. Therefore I do not propose to say anything on its merits now. But my only anxiety is that this question should not be allowed to be decided by the Government of India like the question of the appointment of the Indian Agent in Burma. I hope both the Government and the Legislature will co-operate with each other and give to the ryots of this Presidency the much needed relief. I am in agreement with that portion of the statement of the Hon. Minister for Industries, viz., 'whatever we do should be consistent with the interests of the consumers also.' I am also in agreement with the statement of the Minister for Public Information that along with this question the question of labourers also should be tackled. The Hon. Mover, Sir, complained that the Government of India were not helpful and said that they are not taking the Madras Government's view so far in this matter."

DR. SIR K. V. REDDI NAYUDU :—" I never said that, Sir."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—" What about the complaint about the Government of India? "

DR. SIR K. V. REDDI NAYUDU :—" No complaint. It is a request."

* SRI RAO BAHADUR N. R. SAMIAPPA MUDALIYAR :—" If so, I drop it. We are fortunate in having as the present Member in charge of Commerce Department of the Government of India a respected gentleman of this Presidency, one who will be able to correctly appreciate our view point. When I am on the subject, I would like to state that in the past the Members of the Government of India had not been in personal touch with the public opinion of this Presidency by visiting this place as often as possible. I hope that the proceedings of this House will be communicated to the Government of India and that hereafter at least the Members of the Central Government will try to visit our Province and ascertain the real feelings here and not be guided by what they see in the papers. With these few words I support the resolution so ably moved by my hon. Friend, Sir K. V. Reddi Nayudu."

KHAN BAHADUR T. M. MOIDU SAHIB BAHADUR :—" I wholeheartedly support the resolution before the House for two reasons, one economic and the other physical. The economic

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reason is that prices have gone down so low that the position of the agriculturists with all the aid given by the Congress Government, is tottering. The price of paddy has gone down during the last twenty years to such a great extent that all the paddy lands are being converted into pepper or cardamom gardens. In Malabar, within the last twenty years, all except 5 per cent of the lands growing paddy have been put to other uses. Twenty years ago there was twenty times more land under paddy cultivation in Malabar. What is this due to? It is due to the competition of Burma rice which has cut down prices considerably. It is a known fact that Bengal also supplies large quantities of paddy to South India. Now, Sir, we are concerned only with the Madras Presidency. Here, so far as paddy cultivation is concerned, we are in an unsatisfactory condition. Ceylon and Burma are boycotting Indians, Indian trade, Indian labour and everything Indian. We are depending upon Burma rice for our existence. We cannot afford to be without it and Ceylon is dumping coconuts in our Province although the coconut is a very important agricultural produce of Malabar and some other parts. When Manchester and Glasgow were sending here all the cloths necessary for us Indians, the then Congress leaders wanted us to take to khaddar. Why? They wanted to protect the Indians from spending large sums of money on luxuries and costly dresses. They wanted the Indians to lead simple lives and make their purchases from among their own men so that work could be found for their own people. The biggest problem now facing the country is unemployment. We find elderly people simply wasting their time loitering here and there and swelling the crowds that gather at Congress meetings and anti-Congress meetings, demonstrating and crying 'Gandhi-ki-jai' or 'Muslim League-ki-jai.' Why? They have no work. (Laughter) Yes, it is my experience, Sir. In Malabar with all the aid the former Governments were rendering the agriculturists in the shape of tenancy legislation and with all the aid the present Government are rendering in the shape of agriculturists' loans, etc., all the labourers are now taking part in some flag or other demonstrations before meetings or are taking part in hunger-strikes or picketing. They have no work.

"Can they take to agriculture? It does not pay. Why? There is no protection. Instead of giving relief to them in the shape of agriculturists' loans and other things, it would have been a thousand times better, if this Government had taken some protectionist measures against the fall in the price of paddy, etc. What is the plight of Malabar now? Coconut which was selling at Rs. 60 per thousand in the pre-depression days is now sold at Rs. 16 per thousand; pepper which was being sold for Rs. 600 per ton is now available for Rs. 80. In this situation, Sir, it is the

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duty of the Government even to fight for our rights and for independence. (A voice: 'Hear, hear.')

"I find, Sir, that hon. Members referred to the difficult position of the Government of India. It is said that they cannot leave Burma out of account, or India or Japan or even Germany for that matter. If they enter into an agreement with any of these countries, there will be nothing in such agreements giving protection to Indians. Burma is treating Indians with contempt. They want Indians to go away bag and baggage and, curiously enough we have to depend upon Burma rice. And there is the timber trade. Burma is making a good business with India in timber. Why not put an embargo on Burma timber and Burma rice? Not only will it be beneficial to trade . . ."

DR. P. J. THOMAS:—"Will not Malabar starve without Burma rice?"

KHAN BAHADUR T. M. MOIDU SAHIB BAHADUR:—"No. If, as the Hon. the Minister for Revenue said, we begin to have cultivation as the most important occupation of the people of our Presidency, within five years we will be on our legs. I am not asking that an embargo should be placed immediately. We cannot take the initiative in this matter. The Madras Government are powerless. It is the Government of India that must do something.

"Then, Sir, what is the state of health of our people?"

MR. PRESIDENT:—"The hon. Member will please come back to the resolution proper and not dwell on the health of the people."

KHAN BAHADUR T. M. MOIDU SAHIB BAHADUR:—"Sir, if we grow paddy sufficient for our consumption, we can have hand-pounded rice and that will give a lot of work for the unemployed labourers. I commend this resolution for the acceptance of the House."

DR. SIR K. V. REDDI NAYUDU:—"Sir, I do not wish to detain the House long. I find that three Hon. Ministers were pleased to speak on this motion and that the Hon. Mr. Giri and the Hon. Mr. Ramanathan whole-heartedly supported the resolution. I am pleased to find, Sir, that the Hon. Mr. Giri has kindly consented to communicate the proceedings of the House to the Government of India.

"Sir, there are one or two matters which, coming as they did from an expert member, cannot be left unchallenged. (Laughter) I was reading recently a book by a well-known publishing firm which contained the statement that the advice given by scientific

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experts in England—and I take it that this applies to American experts as well—has proved in practice not only useless but even harmful. That is a rather sweeping statement, I agree. But still, Sir, I was not a little surprised when, pleading for the consumer and the labourer, my hon. Friend advanced propositions which even laymen like myself—I was only a Physics student and cannot understand Economics, I admit—with our experience and ordinary commonsense, can dismiss as untenable. My hon. Friend, Mr. Ramalingam Chettiyar has answered most of it and I wish to say something only about the labourers and the consumers. The consumers' protection has always been, I thought, upheld by the bureaucrats of this country whenever the country sought protection in the Legislative Council. (A Voice: 'Which bureaucrat?') White bureaucrat. (Laughter) I have not yet come to the brown bureaucrat. These bureaucrats always express sympathy for the consumers, especially when cotton products from Manchester which were intended to be imported here came under discussion. Quite recently too, when the question came with reference to the cotton yarn and there was so much dispute in the Legislative Assembly, the Indians voted for protection and the European members and the Government blocks voted the other way. (Sri T. A. Ramalingam Chettiyar: 'Fighting for the consumer?') Let us leave the consumer alone. Evidently my hon. Friend has not noticed that sentence in my first speech where I pointed out that 80 per cent of the population of this country live in rural areas and that 70 per cent of the population live by land. It means that they are not all landowners. They are landholders, tenants, labourers and other persons who assist in the cultivation. All of them depend upon the price of paddy.

"The second point raised by my hon. Friend was that the labourers were one-third of the population. He asked, how are they to maintain themselves? There is a fallacy in the argument. In the first place, instead of depending upon Malabar or Travancore experience, if he had experience of the Godavaris, Kistna and so on . . ."

DR. P. J. THOMAS:—"Why mention only deltaic areas Sir?"

DR. SIR K. V. REDDI NAYUDU:—"I am speaking of people who have experience of my district. The hon. Member has not got experience of my district. You find there that in many places the wages are paid in grain. Even where it is not paid in grain, lower wages are paid when the price of paddy is low and higher wages when the price is high. This shows, Sir, that the labourers stand to gain by the rise in the price of paddy. In 1920 and in 1929 we were paying Re. 1 for a male labourer

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and 12 annas for a female labourer when they were engaged for harvesting and so on. But to-day we are paying 8 annas and 6 annas, respectively, i.e., 50 per cent less.

“Sir, there is another thing to which reference was made by an hon. Member. As the matter is important, it will bear repetition. Now that the price of paddy has fallen, you do not find any house-building in the villages and no works of improvement on the land are undertaken. This is so, because there is nothing in their hands for people to build houses with. One direct consequence of this is that the village carpenter is out of work and the village labourer is out of work. Hundreds of people who for various purposes are dependent upon cultivation are jobless altogether. In the circumstances I do not think it will be seriously contended by my hon. Friend that this unemployment would not be relieved a bit by a rise in the price of paddy. I wish to add in this connexion that it is not my intention in bringing forward this motion to be retaliatory. This motion has not the least connexion with the treatment which our people are said to be receiving in Burma. This resolution is based purely on the economic condition of our people. I have not said one word about the treatment our people have received in Burma.

2-30
p.m.

“There was some reference made by the Leader of the Opposition to the Members of the Government of India. When protection was given to wheat, it was Sir George Rainey who was the Commerce Member, if I am not mistaken. And of course there was my esteemed friend, the genius, the late Sir Fazli Hussain who practically conducted the administration of Bengal and Delhi. These two gentlemen gave support to wheat. I am not complaining when I said that they gave protection to wheat and sugar. I know that it was not possible for the Government of India to give protection to rice at that period. Burma was part of India and under the Act there could not be any inter-provincial duties. (An hon. Member: ‘But now?’) Now, I agree that we have not come to that stage. We got the Order-in-Council only three years back. They could not interfere. And I could not lay my complaint with the Government of India. I only say, ‘you have extended that principle to those two products. Extend it to this.’ It is fortunate that an esteemed citizen of our Province, the Hon. Sir A. Ramaswami Mudaliyar is in charge of this very portfolio, and we have no reason to think that he will not help us.”

THE HON. SRI C. RAJAGOPALACHARIAR:—“He may try his luck now.”

DR. SIR K. V. REDDI NAYUDU:—“Because it is luck, Sir, to do something for one’s own Province.

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“ Well, Mr. President, there may be one or two other points but I do not propose to go into them. I am really thankful to the Hon. Minister and the members of the House for the support they have given to this resolution. I do not generally resort to questions or resolutions. For two years, I introduced only one resolution and that was not very satisfactorily supported, from my point of view. But this is a matter for gratification and I am really thankful to them.”

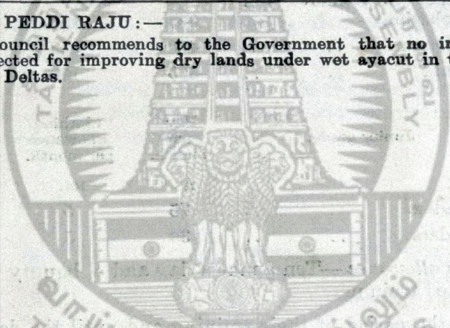
The motion was put and carried.

MR. PRESIDENT;—“ The hon. Member Sri Peddi Raju is not in his place. The resolution^a standing in his name is therefore deemed to have been withdrawn.”

The House then adjourned *sine die*.

^a SRI P. PEDDI RAJU :—

This Council recommends to the Government that no inclusion fees shall be collected for improving dry lands under wet ayacut in the Godavari and Kistna Deltas.



வாய்மையே வெல்லும்
TRUTH ALONE TRIUMPHS